

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 98-048

July 1, 1998

CENTRAL MAINE POWER COMPANY
Request for Waiver of Notice
Requirements and Request for
Approval of the Issuance of a
Certificate of Public Convenience and
Necessity for the Purchase of Energy
and Generating Capacity from CinCap IV,
L.L.C Pursuant to 35-A M.R.S.A. § 3133

ORDER APPROVING
STIPULATION

WELCH, Chairman; NUGENT, Commissioner

I. SUMMARY OF DECISION

In this Order, we approve the Stipulation filed in the above matter on behalf of Central Maine Power Company (CMP or the Company) and the Public Advocate and waive the filing fee set forth in 35-A M.R.S.A. § 3133(8), the notice requirements set forth in 35-A M.R.S.A. § 3133(2), and the information filing requirements set forth in Chapters 332(6) and 332(7) of the Commission's rules. Under the terms of the Stipulation, the Company is authorized to enter into a replacement Power Purchase Agreement (Replacement PPA) with CinCap IV (CinCap) as part of a buyout agreement associated with the Company's Power Purchase Agreement (Existing PPA) with Stratton Energy Associates (SEA). The Stipulation also governs how the annual net savings associated with the restructuring will be calculated for purposes of the Company's alternative rate plan.

II. PROCEDURAL HISTORY

On January 20, 1998 CMP filed a request for approval of a certificate of public convenience and necessity for the purchase of energy and generating capacity from CinCap, L.L.C, a subsidiary of Cinergy Capital and Trading Inc., pursuant to 35-A M.R.S.A. § 3133. This transaction was filed as part of a buyout agreement associated with CMP's existing PPA with SEA. At the time of its initial filing the Company had not finalized its agreement with CinCap but had signed a Memorandum of Understanding (MOU). On May 15, 1998 the Company filed with this Commission a more finalized agreement between itself and CinCap entitled the Wholesale Electric Energy and Capability Sales Agreement. On June 29, 1998, CMP filed a Stipulation on behalf of itself and the Public Advocate that if approved would authorize a Replacement PPA between CinCap and CMP substantially similar to the agreement filed May 15, 1998.

III. DISCUSSION

Under its Existing PPA with SEA, CMP is obligated to purchase the net output of energy and capacity from SEA's biomass-fired power plant located in Stratton, Maine. The Existing PPA has a term that runs through August 31, 2009. Under the restructuring, CinCap will purchase, and then terminate, the Existing PPA upon CMP's entering into a Replacement PPA with CinCap. SEA will then be free to run the Stratton facility as a merchant plant. Under the Replacement PPA, CMP will be obligated to purchase energy and capacity from CinCap through August 31, 2009 at rates lower than those set forth in the Existing PPA. According to CMP, this restructuring will provide approximately \$28 million in net present value savings.

Under the terms of the Stipulation, the parties agree that:

1. The filing fee set forth in 35-A M.R.S.A. § 3133(8), the notice requirements set forth in 35-A M.R.S.A. § 3133(2), and the information filing requirements set forth in Chapters 332(6) and 332(7) of the Commission's rules should be waived;

2. A Replacement PPA, substantially similar to the version filed at the Commission by the Company on May 15, 1998 should be approved;

3. The annual net savings from the restructuring should be estimated as the difference between the Existing PPA costs and the Replacement PPA costs and that the Existing PPA costs should be calculated assuming the SEA facility would have generated 305 GWh/year at a rate of 99.77% of the Existing PPA base rate and that the Replacement PPA costs should be estimated as the sum of the actual payments to CinCap plus the actual cost of any replacement energy, if CinCap delivers less than 305 GWhs, plus any fee paid to LeBlanc Associates for intermediation services performed in bringing about the restructuring transaction;

We have considered the Stipulation under our general criteria for approving such agreements; whether the parties joining the Stipulation represent a sufficiently broad spectrum of interests; whether the process that led to the Stipulation was fair; and whether the stipulated resulted is reasonable, not contrary to legislative mandate, and is in the public interest. *See Public Utilities Commission, Investigation Into Regulatory Alternatives for the New England Telephone and Telegraph Company d/b/a NYNEX*, Docket No. 94-123 at 4-5 (Mar. 17, 1998). Taking these general criteria into account and upon review of the transaction and the specific terms of the Stipulation, we find

the agreement to be reasonable and not contrary to the public interest.

Accordingly, we

O R D E R

1. That the filing fee set forth in 35-A M.R.S.A. § 3133(8), the notice requirements set forth in 35-A M.R.S.A. § 3133(2), and the information filing requirements set forth in Chapters 332(6) and 332(7) of the Commission's rules are waived; and

2. That the Stipulation filed by Central Maine Power Company on June 29, 1998 in Docket No. 98-048 is hereby approved without modification.

Dated at Augusta, Maine this 1st day of July, 1998.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of adjudicatory proceedings are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 6(N) of the Commission's Rules of Practice and Procedure (65-407 C.M.R.11) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which consideration is sought.

2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320 (1)-(4) and the Maine Rules of Civil Procedure, Rule 73 et seq.

3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320 (5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.